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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

CARRIE BEVERAGE INCORPORATED,
Petitioner,

VS.

GILBERT/ROBINSON, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

1. To have standing to bring a claim for damages under 15 U.S.C. § 1120, was petitioner required to be in privity with a third party whose rights under 15 U.S.C. § 1052(c) were violated by Gilbert/Robinson's fraudulent statement to the PTO?

2. Did the Eighth Circuit err in reversing the District Court's finding that respondent's 1976 federal service mark registration had been procured by fraud and that its 1980 registration had also been procured by fraud because it had been obtained by respondent's adoption and claim of ownership of its fraudulent 1976 registration?

3. Does the Lanham Act preclude the award of punitive damages to petitioner when it prevailed on its state law claim of unfair competition which was based on the same activity giving rise to a cause of action under 15 U.S.C. § 1120?

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

The petitioner, Carrie Beverage Incorporated[1], respectfully prays that a writ of certiorari be issued to review the judgment and opinion of the United States Court of Appeals for the Eighth Circuit, entered in the above-entitled proceeding on April 5, 1993.

OPINIONS BELOW

The United States District Court for the Eastern District of Missouri, Eastern Division, on September 25, 1987, granted judgment, upon a jury's special verdict, in favor of petitioner on

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[1] Petitioner owns a partial interest in codefendant Carrie Beverage-Missouri, Inc. Pursuant to Rule 29.1 of this Court, it has no parent or other subsidiary corporation.

its counterclaims against respondent Gilbert/Robinson, Inc. The District Court's judgment and the jury's special verdict appear as Appendix B at A-18. The District Court denied respondent's motion for judgment notwithstanding the verdict and for a new trial by memorandum and order reproduced as Appendix C at A-23.

On August 5, 1988, the District Court granted summary judgment in favor of petitioner against respondent on all of respondent's Lanham Act claims. The memorandum and order setting forth the summary judgment appear in Appendix C at A-27. Respondent did not appeal from that summary judgment.

Following the summary judgment, the District Court conducted a bench trial on respondent's remaining Missouri state law infringement claims. The District Court entered judgment in favor of respondent against a codefendant Carrie Beverage-Missouri, Inc. but ruled that its judgment did not extend to petitioner Carrie Beverage Incorporated. The District Court's judgment and memorandum are reprinted as Appendix D at A-30 and the decision is reported at 758 F.Supp. 512 (E.D. Mo. 1991). While Carrie Beverage-Missouri, Inc. did appeal from this judgment, petitioner and respondent did not.

On April 5, 1993, the United States Court of Appeals for the Eighth Circuit reversed the District Court's judgment on the counterclaims and affirmed the judgment against Carrie Beverage-Missouri, Inc. on respondent's state law infringement actions. That opinion below is reproduced as Appendix A to this petition at A-1.

JURISDICTION

The judgment of the Court of Appeals for the Eighth Circuit was entered on April 5, 1993. A timely petition for rehearing, with suggestion for rehearing *en banc*, was filed by the petitioner. The Court of Appeals entered an order denying the

petition for rehearing, with suggestion for rehearing *en banc*, on May 19, 1993, which order is reprinted as Appendix F at A-68. This petition for certiorari is being filed within 90 days of that date. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1), for review by writ of certiorari.

STATUTES AND REGULATIONS INVOLVED

I. Statutes:

Title 15, United States Code:

§ 1052. Trademarks registrable on principal register; concurrent registration

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on that principal register on account of its nature unless it -

. . .

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent . . .

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office . . . as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: . . .

§ 1120. Civil liability for false or fraudulent registration

Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

II. Regulations:

United States Patent and Trademark Office - Trademark Manual of Examining Procedure (TMEP)

§ 1204[2] Refusal on Basis of Name of Particular Living Individual

This section [15 U.S.C. § 1052] pertains to living individuals . . . Living persons are considered to have rights of privacy and proprietorship in the designations which identify them, which is not necessarily true for deceased persons . . .

§ 1204.01 Examining Attorney to Inquire [R-5]

If a mark appears to be matter which identifies a particular individual, or to include such matter, and no explanation or consent is of record, the Examining Attorney must inquire whether or not the matter identifies a particular individual, stating that if it does and the individual is living, his written consent to use and register such matter must be made of record. In the event the matter does not identify a particular living individual, it is satisfactory if in response it is stated that the matter does not identify any particular living individual, or that it is fanciful, or the like, but it is desirable that in addition any special circumstances which exist be explained, such as that the matter identifies a certain character in literature, or a deceased historical person, etc.

§ 1204.02 Consent of Individual

Matter which identifies a particular living individual . . . can be registered only if the written consent of such individual . . . is filed in the application.

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[2] Sec. 1204 of the TMEP discussed in this petition has been renumbered as § 1206 in the 1986 edition of the Trademark Manual of Examining Procedure.

The consent which is filed must be written consent, and it must be consent to register the mark, as well as consent to use the matter as a trademark . . .

STATEMENT OF THE CASE

Since 1982, petitioner Carrie Beverage Incorporated ("Carrie-Wisconsin"), a Wisconsin corporation, has owned and operated a bar known as MIKE HOULIHAN'S in the food court of a shopping mall in Milwaukee, Wisconsin. The name of the bar was a combination of the names of the corporation's only two shareholders, Michael Heyer and John Houlihan. This is the only MIKE HOULIHAN'S owned or operated by Carrie Beverage Incorporated.

In September, 1985, Carrie Beverage-Missouri, Inc. ("Carrie-Missouri"), a Missouri corporation, opened a MIKE HOULIHAN'S bar in a shopping mall in St. Louis, Missouri. Shortly thereafter, respondent Gilbert/Robinson, Inc. ("Gilbert/Robinson"), a Delaware corporation with its principal place of business in Missouri, filed a complaint in the United States District Court for the Eastern District of Missouri, Eastern Division, alleging that both Carrie-Wisconsin and Carrie-Missouri owned and operated the MIKE HOULIHAN'S bar in St. Louis. The complaint went on to allege that the use of the name MIKE HOULIHAN'S on the St. Louis bar constituted infringement, unfair competition and dilution of Gilbert/Robinson's HOULIHAN'S and HOULIHAN'S OLD PLACE service marks[3] in violation of the Lanham Act and Missouri state law. The complaint made no mention of the only MIKE HOULIHAN'S bar owned and operated by Carrie-Wisconsin in Milwaukee.

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[3] Service marks, which identify services, are governed by the same principles as trademarks, which identify goods, and the requirements of the Lanham Act apply to both. 15 U.S.C. § 1053.

In its complaint, respondent alleged federal jurisdiction pursuant to 15 U.S.C. § 1121 and 28 U.S.C. § 1338(a). Since both Gilbert/Robinson, Inc. and Carrie-Missouri were corporations with their principal place of business in Missouri, federal jurisdiction was predicated on respondent's claim of ownership of two federal service mark registrations for the mark HOULIHAN'S OLD PLACE (A-32).

After filing an answer denying the allegations and conducting pretrial discovery, Carrie-Wisconsin filed counterclaims alleging that Gilbert/Robinson's federal service mark registrations had been procured by fraud on the United States Patent & Trademark Office ("PTO") and alleged damages sustained in direct consequence of Gilbert/Robinson's use of those fraudulent federal service mark registrations. Petitioner requested a jury trial of the entire case but the District Court, after objections filed by Gilbert/Robinson, decided to bifurcate the case ordering a jury trial on the counterclaims and, if necessary, a subsequent bench trial on Gilbert/Robinson's complaint. In its order bifurcating the case, the District Court ruled that the jury's findings in the counterclaims trial would bear heavily or decisively on Gilbert/Robinson's claims (A-66).

At the trial of the counterclaims, evidence revealed that Gilbert/Robinson began using the service mark HOULIHAN'S OLD PLACE in April, 1972 on a restaurant operated by one of its subsidiary corporations. The restaurant was located in Kansas City, Missouri at the previous site of a men's clothing store known as Tom Houlihan's Menswear. Tom Houlihan was a well known Kansas City businessman who was an acquaintance of the founders of Gilbert/Robinson and all of its officers. In 1972, Mr. Houlihan had moved his clothing store to a new location a few blocks from his old place of business. When workers constructing the new restaurant frequently referred to the location as "Houlihan's old place", Gilbert/Robinson decided to use this as the name of its new restaurant to take

advantage of the name recognition. Immediately following the opening of the new restaurant, and for years thereafter, Gilbert/Robinson generated publicity drawing attention to the connection between Tom Houlihan's name and the name of the HOULIHAN'S OLD PLACE restaurants. Between 1972 and 1975, HOULIHAN'S OLD PLACE restaurants were opened up throughout the country. In June, 1975, Gilbert/Robinson applied for a federal registration of the service mark HOULIHAN'S OLD PLACE. The application was filed by one of its officers, Steve Thompson, who was in charge of the company's legal affairs. Mr. Thompson knew Tom Houlihan well and was aware that it was his surname which was being used in the mark. On March 22, 1976, the PTO refused federal registration of the mark. The PTO notified Gilbert/Robinson that before it could register the mark, the surname would have to be identified and "if it was the name of a particular living individual, a written consent from the individual to the use and registration of the name must be filed." In its refusal, the PTO specifically cited the statutory requirements of § 2(c) of the Lanham Act, 15 U.S.C. 1052(c), and its own regulation, § 1204 of the Trademark Manual of Examining Procedure ("TMEP"), both of which require that registration of a service mark featuring a particular living individual's surname must be refused unless that individual consents in writing to both the use and registration of the name.

Immediately after this refusal, Gilbert/Robinson amended its application by stating to the PTO that "the name in the mark is fictitious and is not a reference to any living individual." The evidence at the trial of the counterclaims was overwhelming that Gilbert/Robinson knew that this statement was false. On October 12, 1976, the PTO issued a federal registration for the service mark HOULIHAN'S OLD PLACE.

In 1978, after Tom Houlihan had died, Gilbert/Robinson applied for another federal registration of a logo featuring the

mark HOULIHAN'S OLD PLACE. In that application, it claimed ownership and benefit of its earlier 1976 registration for HOULIHAN'S OLD PLACE. Based on that claim of ownership, the PTO issued a second registration to Gilbert/Robinson without inquiry as to the Houlihan surname. At the trial of the counterclaims, legal experts testified that if the PTO had been provided a truthful response, Gilbert's 1976 registration would not have been issued since Tom Houlihan had not given his written consent to either the use or the registration of his name. Bernard Meany, a former assistant commissioner of the PTO who was in charge of the trademark section at the time of the filing of both of Gilbert/Robinson's applications, testified that the second 1980 registration was also tainted by fraud because it was dependent upon Gilbert/Robinson's claim of ownership of its fraudulent 1976 registration.

Carrie-Wisconsin presented evidence that as a result of the filing of Gilbert/Robinson's infringement suit, it had lost an infusion of capital from an investor resulting in financial losses of over $1,000,000.00. At the conclusion of the trial of the counterclaims, the District Court entered judgment in favor of Carrie-Wisconsin on the findings in the jury's special verdict that Gilbert/Robinson had procured both its 1976 and 1980 registrations by fraud on the PTO. It also found that Gilbert/Robinson had committed acts of unfair competition against Carrie-Wisconsin by its use of those registrations and by asserting that it owned a federal registration of the service mark HOULIHAN'S when it did not own such a registration. It awarded Carrie-Wisconsin $1,000,000.00 in compensatory damages and $1,000,000.00 in punitive damages (A - 18-22).

Following the judgment, the District Court denied Gilbert/Robinson's motion for new trial and for judgment notwithstanding the verdict (A-23) and granted Carrie-Wisconsin's motion for summary judgment on all of Gilbert/Robinson's Lanham Act claims because of its proven fraud (A-27). Gilbert/Robinson did

not appeal from that summary judgment. Over defendants' objections, the District Court did allow Gilbert/Robinson to proceed to trial on its Missouri state law claims and, on February 28, 1991, it entered judgment in favor of Gilbert/Robinson against Carrie-Missouri with respect to that corporation's use of MIKE HOULIHAN'S on its bar in St. Louis, Missouri.[4] However, the District Court expressly ruled that since the federal trademark claims had been summarily adjudged against Gilbert/Robinson, its judgment against Carrie-Missouri did not extend to Carrie-Wisconsin (A-40). Neither Gilbert/Robinson nor Carrie-Wisconsin appealed from this judgment of the District Court.

Gilbert/Robinson only appealed the judgment on the counterclaims to the Eighth Circuit Court of Appeals. On April 5, 1993, the Eighth Circuit reversed the judgment of the District Court on the counterclaims. In its opinion, it accepted the District Court's finding that Gilbert/Robinson had intentionally withheld relevant information about Tom Houlihan in responding to the PTO's refusal. However, the Court of Appeals ruled that Carrie-Wisconsin did not have standing to seek compensatory damages under 15 U.S.C. § 1120 because it was "not in privity with Tom Houlihan" (A-7). It held that the fraudulent statement made to the PTO in 1976 was not material, surmising that if Gilbert/Robinson had later obtained Tom Houlihan's written consent or if it had waited until he died before applying, a valid registration would have issued. The Court also held that while federal registration triggers certain substantive and procedural rights, without its registrations Gilbert/Robinson had a substantially similar Lanham Act cause of action and an identical state law claim for infringement and unfair competition (A-10). Further,

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[4] In its complaint, Gilbert/Robinson did not mention the only MIKE HOULIHAN'S bar owned or operated by Carrie-Wisconsin in Milwaukee and made no allegation of any act of infringement in the use of the MIKE HOULIHAN'S mark on that bar.

the Court of Appeals ruled that Gilbert/Robinson's 1980 registration was not tainted by the fraudulent 1976 registration, even though respondent had claimed ownership and adopted the 1976 registration in its application, reasoning that if Gilbert/Robinson's 1976 registration had been cancelled as fraudulently procured, the PTO would have issued the 1980 registration. The fact that Gilbert/Robinson had never cancelled the 1976 registration and had enjoyed its protection ever since it was issued was not mentioned by the Court.

Finally, the Court of Appeals ruled that the Court was prohibited from awarding punitive damages under a state law claim for unfair competition because the Lanham Act precluded such relief.

Petitioner filed a timely motion for rehearing, with suggestion for rehearing *en banc*, which said motion was denied on May 19, 1993.

REASONS FOR GRANTING THE WRIT

I.

The Court Of Appeals' Ruling That Petitioner Was Required To Be In Privity With Tom Houlihan For It To Have Standing To Assert A Claim Under 15 U.S.C. § 1120 Has No Basis Under The Statute And Misconstrues The Provisions Of 15 U.S.C. § 1120 And 15 U.S.C. § 1052(c).

Throughout this litigation, Carrie-Wisconsin sought relief alleging that it sustained damages in direct consequence of Gilbert/Robinson's *use* of fraudulently procured federal service mark registrations. The statutory basis for its claim, 15 U.S.C. § 1120, provides that *any* person who procures a fraudulent registration from the PTO is liable to *any* person injured by the fraudulent registration "for any damages sustained in consequence thereof."

Interpretation of a statute must begin with the statute's language. *Mallard v. U.S. Dist. Court for S.D. of Iowa*, 490 U.S. 296, 300; 109 S.Ct. 1814, 1818; 104 L.Ed.2d 318 (1989) Where a statute's language is plain and unambiguous, the Court's sole function is to enforce it according to its terms, not expand or contract it. *West Virginia University Hospital, Inc. v. Casey*, 499 U.S. ___, 111 S.Ct. 1138, 1147-48, 113 L.Ed.2d 68 (1991)

The Court of Appeals properly recognized that 15 U.S.C. § 1052(c), which requires a person's written consent to the registration of his name, exists to protect the privacy and property interests of persons whom the public will associate with a mark. It then held that Carrie-Wisconsin was "not in privity with Tom Houlihan and has no standing to vindicate his rights" (A-7). In doing so, the Court confused Tom Houlihan's rights of privacy and proprietorship, codified under 15 U.S.C. § 1052(c), with Carrie-Wisconsin's right, codified under 15 U.S.C. § 1120, to

seek relief for damages resulting from the *use* of the fraudulent registrations.

The distinction between the rights guaranteed by the two statutes was correctly made by the District Court, in its order denying Gilbert/Robinson's motion for judgment notwithstanding the verdict, when it stated:

> "It is well established that under the provisions of § 1120 of the Lanham Act, any person who is damaged by the use of a fraudulently procured registration has a cause of action for those damages" (A-25).

The District Court relied on an earlier decision by the Eighth Circuit - *Landstrom, et al. v. Thorpe*, 189 F.2d 46 (8th Cir. 1951), *cert. den.*, 342 U.S. 819 - in which the Court correctly held:

> "We think that § 1120 means that any person who procures a registration of a trademark by a false declaration is liable in a civil action in the federal Court to *any person* injured by the trademark 'for any damages sustained in consequence thereof' that is, resulting from the *use* of the 'mark' while falsely registered, and not an injury resulting from the false declaration solely." (Emphasis added) 189 F.2d at 50

In its holding in *Landstrom*, which it disregarded in the decision below, the Eighth Circuit followed the plain language of § 1120 that a party is liable for consequential damages resulting from the use of a fraudulent registration and not from its fraudulent procurement. See also *DeMert & Dougherty, Inc. v. Chesebrough-Pond's, Inc.*, 348 F.Supp. 1194, 1198 (N.D. Ill. 1972); *D.M. & Antique Import Corp. v. Royal Saxe Corp.*, 311 F.Supp. 1261, 1272 (S.D. N.Y. 1970).

The decision below not only contradicts precedent of the Eighth Circuit but is in conflict with the First Circuit's decision in *Walworth Co. v. Moore Drop Forging Co.*, 19 F.2d 496, 499 (1st Cir. 1927). In *Walworth*, the First Circuit held that Sec. 25

of the Trademark Act of 1905, a predecessor statute to 15 U.S.C. § 1120 with nearly identical language, allowed a defendant to counterclaim and prevail for damages resulting from the plaintiff's use of a fraudulent federal trademark registration even though plaintiff had utilized the trademark years before defendant. The plaintiff had procured its registration by fraud because it knew that a third party competitor had been using the mark when it made a false statement to the Patent Office that it was the exclusive user of the mark. The third party competitor was not in privity with the defendant and was not a party to the infringement suit.

The Eighth Circuit's new interpretation of Section 1120 attempts to add a requirement of privity which does not exist under the statute. This holding has no basis under the Lanham Act, is contradicted by other Circuits and the Eighth Circuit's own rulings, and violates the rule of statutory construction set forth by this Court. The ruling of the Eighth Circuit would substantially alter the provisions of 15 U.S.C. § 1120 and presents an important federal question to be decided by this Court.

II.

The Court Of Appeals' Reversal Of The District Court's Determination That Gilbert/Robinson's 1976 and 1980 Registrations Were Fraudulent And That The Use Of Those Registrations Caused Petitioner Damage Presents A Significant Federal Question Concerning Fraudulent Activity Before The PTO And Is In Direct Conflict With Other Circuits.

In its opinion below, the Court of Appeals accepted the jury's finding that Gilbert/Robinson "intentionally withheld relevant information about Tom Houlihan in responding to the PTO's § 1052(c) inquiry" (A-7). That statute, 15 U.S.C. § 1052(c), prohibits the registration of a service mark containing a name identifying a particular individual unless that individual con-

sents in writing to the use and registration of his name. Regulations of the PTO set forth in § 1204, 1204.01 and 1204.02 of the TMEP require that its examining attorney refuse a registration containing a name unless the name is identified and a written consent from the individual is filed.

In 1976, based on the above statute and regulations, the PTO initially refused Gilbert/Robinson's application for HOULIHAN'S OLD PLACE. The examining attorney required respondent to identify the name and, if it was a particular living individual, to obtain written consent to the use and registration of the name. Gilbert/Robinson's fraudulent response that the name was fictitious and did not identify a particular living individual caused the PTO to then issue its 1976 registration.

A. Gilbert/Robinson's fraud was material to the issuance of the 1976 registration.

The jury's special verdict and the District Court's judgment on that verdict determined that Gilbert/Robinson had obtained its 1976 registration by fraud (A-20). In denying Gilbert/Robinson's motion for judgment notwithstanding the verdict, the District Court ruled that respondent's fraudulent response was material to the issuance of the registration. It noted that "[t]he evidence at trial was very clear that Tom Houlihan was a well-known figure in Kansas City and that the surname Houlihan in [respondent's] marks referred specifically to him." The District Court also recognized that the statutory requirements of 15 U.S.C. § 1052(c), the regulations of the Trademark Manual of Examining Procedure, and case law "have consistently held that when a mark contains a name identifying a particular individual, that individual must consent in writing to the use and registration of his name, [citing] *Reed v. Bakers Engineering & Equipment Co.*, 100 U.S.P.Q. 196 (PO Ex. Ch. 1954); *In re Steak and Ale Restaurants of America, Inc.*, 185 U.S.P.Q. 447 (TTAB 1975)." (A-24)

In its opinion, the Court of Appeals did not mention this ruling of the District Court on the materiality of Gilbert/Robinson's response and went on to state that the question of materiality must be answered, as a matter of law, before Carrie can recover § 1120 damages. The Court then held that the fraudulent statement was immaterial surmising that at some point in time after the fraudulent response, registration could have issued if "[e]ither Gilbert would have obtained Tom Houlihan's consent, or it would have refiled without consent after Tom Houlihan's death in December, 1976 eliminated the 1052(c) issue" (A-13). However, neither one of those events ever occurred.

In excusing Gilbert/Robinson's actual fraud before the PTO, the Court of Appeals held that the materiality of the fraudulent statement should be determined by what Gilbert/Robinson could have done if it had acted properly and not by what it actually did when it committed fraud. If this fraudulent statement was not material to the issuance of a federal registration, what fraudulent statement would be? This is an important question of federal law and, if this decision is allowed to stand as precedent, it will substantially affect the strict statutory and regulatory prohibitions against fraud in proceedings before the PTO.

The opinion below is also in direct conflict with the standard of materiality set forth by the Second Circuit in *Orient Express Trading Co. v. Federated Dept. Stores*, 842 F.2d 650, 653 (2nd Cir. 1988). There, the Court stated that a fraudulent statement to the PTO is deemed material to the issuance of a registration if the fraudulent statement was a deliberate attempt to mislead the PTO and was made with respect to a material fact - that is one that would have affected the PTO's action on the application. Obviously, since Gilbert/Robinson's fraudulent statement was made in response to the PTO's initial refusal to register the mark unless Gilbert/Robinson identified the name and obtained written consent, it affected the PTO's issuance of the registration.

This decision by the Eighth Circuit opens the door to fraudulent activity before the PTO. By excusing an obviously fraudulent representation, the decision establishes precedent that fraudulent activity will be overlooked if it goes undetected long enough. In light of these likely consequences, the ruling of the Eighth Circuit, which is in direct conflict with another Circuit, merits review by this Court.

B. Respondent's adoption of its fraudulent 1976 registration in its application for its 1980 registration rendered the 1980 registration fraudulent.

The Court of Appeals cited no authority to support its reversal of the District Court's judgment that Gilbert/Robinson's 1980 registration had been procured by fraud since it had been obtained by the adoption and claim of ownership of its earlier fraudulent registration. No other reported decision of any Court has ever allowed a party to obtain a valid federal registration from the PTO by claiming ownership and adopting a prior fraudulent registration in its application.

In an attempt to explain its decision, the Eighth Circuit acknowledged that a fraudulently procured registration is subject to cancellation. It then surmises that "if Gilbert's 1976 registration had been cancelled as fraudulently procured, the PTO would have issued the 1980 registration" because Tom Houlihan had died by that time (A-11). The simple fact is that Gilbert/Robinson has never cancelled its 1976 registration and, instead, continues to enjoy its protection, having relied on it and its 1980 registration to obtain federal jurisdiction of this case.

At the trial of the counterclaims, petitioner called Bernard Meany, a former assistant commissioner of the Patent and Trademark Office who was in charge of the trademark section at the time of the filing of both of Gilbert/Robinson's applications for registration. Mr. Meany testified that Gilbert/Robinson's adoption and claim of ownership of its 1976 registration in its

application for its 1980 registration was of "critical" importance because, under the provisions of 15 U.S.C. § 1052(d), absent the concept of common ownership, the first registration would have blocked registration of the second mark as being too similar.

Mr. Meany also noted that the 1976 registration had "in essence cleared the path" for the 1980 registration since any individual who would have opposed the 1980 registration had been placed on statutory notice since 1976 that Gilbert/Robinson owned a valid federal registration for HOULIHAN'S OLD PLACE. Obviously, any potential opposer to the second registration would have assumed that an objection would have been futile since Gilbert/Robinson already held a valid registration.

The decision of the Eighth Circuit below is in direct conflict with the holding of the Court of Customs and Patent Appeals[5] in *Duffy-Mott Co. v. Cumberland Packing Co.*, 424 F.2d 1095, 1099 (1970).

There, the Court held that if an applicant before the PTO had acquired a trademark registration by means of a fraudulent statement, that applicant is prohibited and barred from relying on that registration for any purpose whatsoever in the Patent and Trademark Office. It approved the holding of an earlier decision of the Trademark Trial and Appeal Board in *Stardust, Inc. v. Birdsboro Knitting Mills, Inc.*, 119 U.S.P.Q. 270 (TTAB 1958) by stating:

> "In conformity with the holding in *Stardust*, we are of the view that opposer may not rely on its registration for any purpose in the Patent Office or in this court on appeal therefrom. We consider that filing a sworn statement as far

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[5] The Court of Customs and Patent Appeals was a predecessor Court to the United States Court of Appeals for the Federal Circuit and its holdings are binding as precedent upon the Court of Appeals for the Federal Circuit. *South Corp. v. United States*, 690 F.2d 1368 (Fed. Cir. 1982)

> from the truth as was that which was filed precludes opposer from relying on the registration in these proceedings. This is in accord with the principal of the equitable doctrine of 'unclean hands.' Trademark rights under the statute are no longer divorced from equitable principals. Cf. 15 U.S.C. Sec. 1069." 424 F.2d at 1099.

In another case factually similar with this one, *Electrical Information Publications v. C-M Periodicals*, 163 U.S.P.Q. 624, (N.D. Ill. 1969), the District Court found for defendant on its counterclaim based on plaintiff's use of a fraudulent trademark registration. The plaintiff had obtained two fraudulent registrations from the PTO and, when problems arose with those registrations, it attempted to obtain a third valid registration without cancelling the earlier fraudulent registrations. The Court held that to obtain a valid registration, the fraudulent registrations "had to be cancelled to clear the record." It stated:

> "Plaintiff represented, and continued to represent, to the Patent Office and the public over all these years and until defendant accused it of improper action, that the two former . . . registrations were validly continued. To make matters worse, plaintiff then added its [new registration], thus enabling it to hold out to the public that plaintiff was the possessor of old, unchallengeable, and fully protected trademark registrations". 163 U.S.P.Q. at 630

If the Eighth Circuit's ruling is allowed to stand, judicial authority will exist, for the first time, that a party, faced with an impediment to registration, can commit fraud on the PTO, obtain and enjoy the protection of a fraudulent federal registration, and then rely on that fraudulent registration to obtain a "clean" registration after the impediment has been removed. This ruling represents a significant departure from the long standing policy requiring uncompromising candor and honesty before the PTO and presents a significant federal question which merits review by this Court.

C. Causation

In the ruling below, the Court stated that even if Carrie-Wisconsin had standing to sue under 15 U.S.C. § 1120, its damages were not caused by the use of the fraudulent registrations. The Court noted that Gilbert/Robinson's federal registrations merely "enhanced" its substantive rights and "even without its registrations, Gilbert still would have had a substantially similar Lanham Act cause of action and an identical state law claim for infringement and unfair competition" (A-10). However, Carrie-Wisconsin, by summary judgment, had prevailed on all of Gilbert/Robinson's Lanham Act claims. Furthermore, the District Court had also ruled, in its judgment and order of February 28, 1991, that its judgment against Carrie-Missouri on Gilbert/Robinson's state law claims for infringement and unfair competition did not extend to Carrie-Wisconsin (A-40). Neither of these judgments of the District Court were appealed by Gilbert/Robinson and are final. Accordingly, the Court of Appeals is bound by those judgments and they are the law of the case. *Allen v. McCurry*, 449 U.S. 90, 94; 101 S.Ct. 411, 414; 66 L.Ed.2d 308, 313 (1980)

Since Gilbert/Robinson obtained federal jurisdiction of its claims by asserting its ownership of its fraudulent registrations, those registrations did more than "enhance" common law rights. The evidence at the trial of the counterclaims clearly showed that Carrie-Wisconsin's damages were caused by the filing of this suit in federal Court. It was Gilbert/Robinson's use of its fraudulent registrations to assert federal jurisdiction and bring this case, not its fraud in obtaining the registrations, which caused petitioner's damages. It is hard to imagine a clearer example of damages being sustained in consequence of a fraudulent registration. It is precisely this type of damage which 15 U.S.C. § 1120 was enacted to remedy.

If the decision below is allowed to stand, it will render meaningless a statute designed to remedy damage caused by the

fruits of fraudulent activity before the Patent and Trademark Office. This represents a substantial question of federal law and merits review by this Court.

III.

The Decision Below Is In Conflict With Decisions Of This Court And Other Circuits Concerning Whether The Lanham Act Preempts An Award Of Punitive Damages Under A State Law Claim Of Unfair Competition.

In its special verdict, the jury which heard petitioner's counterclaims determined that Gilbert/Robinson had committed acts of unfair competition against Carrie-Wisconsin by using its fraudulent registrations and by claiming ownership of a federal registration of the service mark HOULIHAN'S when it did not own such a registration. The District Court had instructed the jury that to make this determination it would have to decide if Gilbert/Robinson had obtained its federal service mark registrations by fraud and had fraudulently asserted ownership of a federal registration for HOULIHAN'S and then used those fraudulent registrations against petitioner to its damage. In addition to its award of $1,000,000.00 in compensatory damages to petitioner, the jury also awarded punitive damages of $1,000,000.00 (A - 20-22).

On August 5, 1988, the District Court upheld the jury's award of punitive damages stating that the Lanham Act had not preempted defendants' common law claims for unfair competition under Missouri law and the federal interest in this field was not so dominant as to preclude enforcement of state laws on the same subject. The Court relied on this Court's ruling in *Fidelity Federal Savings & Loan Assn. v. De La Cuesta*, 458 U.S. 141, 153, 102 S.Ct. 3014, 3022, 73 L.Ed.2d 664 (1981) and previous holdings of the Eighth Circuit, *WSM, Inc. v. Hilton*, 724 F.2d 1320, 1331 N.6 (8th Cir. 1984).

The District Court held that, in its judgment, the highest Court of Missouri would allow a state action for unfair competition if presented the facts in this case and punitive damages would be allowed because this was an action based on fraud and deceit (A - 25-26).

The decision of the Eighth Circuit conflicts with other Circuits which have held that punitive damages are available for state, non-federal causes of action joined together with claims under the Lanham Act. *Getty Petroleum Corp. v. Island Transp. Corp.*, 862 F.2d 10 (2nd Cir. 1988), *cert. den.*, 490 U.S. 1006, 109 S.Ct. 1642, 104 L.Ed.2d 157 (1989). When a claim of unfair competition under state law is brought together with statutory claims under the Lanham Act, punitive damages can be awarded. *Big O Tire Dealers v. Goodyear Tire & Rubber Co.*, 408 F.Supp. 1219 (D. Colorado 1976), *aff d. as modified* 561 F.2d 1365 (10th Cir. 1977), *cert. den.* 434 U.S. 1052, 98 S.Ct. 905, 54 L.Ed.2d 805 (1978); *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 797 F.2d 70, 77-78 (2nd Cir. 1986)

In its opinion below, the Eighth Circuit held that remedies for fraud on the PTO are a matter of federal law and the Lanham Act precludes extra-statutory remedies (A-5). It went on to state that the award of punitive damages is contrary to controlling law in the Circuit citing its holding in *Landstrom v. Thorpe, supra.* However, in *Landstrom*, the Court stated that a claim for damages for unfair competition under state law can be asserted in the same cause of action as a claim for statutory violations under the Lanham Act.

> "This is true because the claim for damages for unfair competition is a common law cause of action and not a federal cause. For such a claim to be 'related' to a case arising under the trademark law within the meaning of the statute 'it must appear that both federal and non-federal causes [of action] rest upon substantially identical facts.' " *Landstrom*, 189 F.2d at 51

In this case, the judgment for punitive damages was not made under petitioner's Lanham Act claim but under its state law claim of unfair competition and, thus, was not an extra-statutory remedy.

The Eighth Circuit's decision that the Lanham Act preempts state law claims of unfair competition and the relief available under those state law claims is contrary to decisions of this Court and is in conflict with those of other Circuits. Accordingly, the case warrants this Court's review.

CONCLUSION

For these reasons, petitioner Carrie Beverage Incorporated respectfully requests that this petition for writ of certiorari be granted and that the decision of the Eighth Circuit Court of Appeals be reversed.

Respectfully submitted,

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